

STOCK PURCHASE AGREEMENT

BY AND BETWEEN

**ROBERT E. WARFIELD, SR.
HAROLD P. GLICK
ROGER A. YOUNG**

AND

CAPTAIN'S COVE GOLF AND YACHT CLUB, INC.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (together with all Schedules and Exhibits, this "Agreement"), dated as of May 7, 2009, is entered into by and between Robert E. Warfield, Sr., Harold P. Glick and Roger A. Young (collectively, the "Sellers") and Captain's Cove Golf and Yacht Club, Inc. ("Buyer").

RECITALS:

1. Sellers are the owners, beneficially and of record, of all of the issued and outstanding capital stock shares (the "Shares") of Captain's Cove Utility Company, Inc., a Virginia corporation ("Company").
2. Sellers desire to sell, and Buyer desires to buy, the Shares, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants of the parties as hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1 PURCHASE AND SALE OF SHARES

1.1 Purchase and Sale. Sellers agree to sell to Buyer, and Buyer agrees to buy from Sellers, at the Closing (as defined below) all, and not less than all, of the Shares, free and clear of all liabilities, obligations, liens, security interests and other encumbrances.

1.2 Purchase Price. The aggregate purchase price to be paid for the Shares shall be One Dollar (\$1.00) (the "Purchase Price"). The Purchase Price shall be payable to Sellers in cash at the Closing.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES CONCERNING SELLERS

Sellers represent and warrant to Buyer, as follows:

2.1 Authority of Sellers. Subject to Article 7.1, Sellers have all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Sellers and is a valid and binding obligation of Sellers, enforceable against Sellers in accordance with its terms.

2.2 Brokers. No finder, broker, agent or other intermediary has acted for or on behalf of Sellers or Buyer in connection with the negotiation or consummation of this Agreement, and

there are no claims for any brokerage commission, finder's fee or similar payment due from Sellers.

ARTICLE 3
REPRESENTATIONS AND
WARRANTIES CONCERNING COMPANY

The Company represents and warrants to Buyer as follows:

3.1 Organization and Good Standing; Governing Documents. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Virginia. The Company has all requisite power and authority to own and operate its property and to carry on its business as now being conducted (the "Business"). The Business of the Company is conducted solely in Virginia, and the Company is not qualified to do business as a foreign corporation in any jurisdiction. A true and complete copy of the Articles of Incorporation of the Company and the Bylaws of the Company, including all amendments thereto, is attached to this Agreement as Schedule 3.1.

3.2 Capitalization. The authorized capital stock of the Company consists of 100 shares of capital stock, par value \$1 per share. Sellers own all of the outstanding capital stock of the Company. All of the Shares are validly issued, fully paid and non assessable, are free from, and were not issued in violation of any, preemptive rights, and are owned of record and beneficially by Sellers. There are no outstanding or authorized options, warrants, rights, contracts, calls, puts, right to subscribe, conversion rights or other agreements or commitments to which the Company is a party or which are binding upon the Company providing for the issuance, disposition or acquisition of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Company. There are no voting trusts, proxies or any other agreements or understandings with respect to the voting of the capital stock of the Company. The Company is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its capital stock.

3.3 No Subsidiaries; No Investments. The Company does not own or hold any shares of stock or any other security or interest in any other entity, or any rights to acquire any such security or interest. The Company has never had any subsidiary corporation of which the securities having a majority of the voting power in electing the board of directors were, at the time as of which any determination was made, owned by the Company either directly or indirectly

3.4 Books and Records. At Closing, all books and records, including without limitation all tax returns filed by the Company, will be in the possession of the Company.

3.5 Intellectual Property. There are no trademarks, service marks, trade names, logos, copyrighted works, inventions or proprietary processes or formulas owned or used by the Company.

3.6 Brokers. No finder, broker, agent or other intermediary has acted for or on behalf of the Company in connection with the negotiation or consummation of this Agreement, and there are no claims for any fee due from the Company.

3.7 Tax Matters. The Company has filed all requisite tax returns and has paid all taxes due and owing to any taxing authority.

3.8 Company Debts. The Company is not in default on any contract with any third party and has no debt to any party including payroll obligations except obligations to Captain's Cove Group, and current payroll obligations arising in the ordinary course of business.

ARTICLE 4
COVENANTS OF SELLERS
AND THE COMPANY

Sellers and the Company jointly and severally covenant and agree with Buyer as follows:

4.1 Conduct of Business. Between the date of this Agreement and the Closing Date, the Company shall, and Sellers shall cause the Company to, except as otherwise specifically consented to in writing by Buyer:

- (a) Continue to conduct business in the normal course; and
- (b) Refrain from purchasing any tangible or intangible assets, or entering into any contracts, agreements or understandings;

4.2 No Other Solicitations. Until the earlier of the Closing Date or the termination of this Agreement, Sellers, the Company and their management and representatives shall not solicit or encourage any offer, proposal or inquiry from, or engage in any discussions or negotiations with, any person, other than PNC Bank, National Association, regarding the sale of the Shares, the sale or lease of the Company's assets, or any merger or other business combination involving the Company.

ARTICLE 5
BUYER'S COVENANTS

Buyer covenants and agrees with the Sellers as follows:

5.1 Best Efforts. Buyer shall use all commercially reasonable efforts to make or obtain all consents, approvals, authorizations, registrations and filings with all federal, state or local judicial or governmental authorities or administrative agencies as are required in connection with the consummation of the transactions contemplated by this Agreement, including without limitation the Court approval referenced in Article 7.

5.2 Contributions into Company. Buyer shall make periodic cash contributions to the Company and shall cause the Company to make consecutive monthly installment payments to

Captain's Cove Group, LLC ("Captain's Cove Group") on account of a certain account payable owed by the Company to Captain's Cove (the "Account Payable"). The payments shall commence on the first day of the month immediately following the Closing. The interest rate on the balance is subject to change from time to time based on changes in an index which is the New York Prime Lending Rate (as printed in the Wall Street Journal). The interest rate of this Note to be applied to the principal amount due shall be equal to the index (not to exceed the maximum legal rate). The index is currently Five percent (5%). An amortization schedule based upon the current rate is set forth on Schedule 5.2,

5.3 Guaranty of Payment. As set forth in the Guarantee Agreement by and between the Sellers, Captain's Cove and the Buyer, a copy of which is attached hereto as **Exhibit**, the Buyer unconditionally and absolutely guarantees to the Sellers and Captain's Cove, the due and punctual payment all amounts of principal, accrued interest and all other fees, costs and expenses payable to Captain's Cove on account of the Account Payable, and the Buyer agrees to pay all costs, charges and expenses, including reasonable attorneys' fees and actual out-of-pocket expenses and also including costs of collection, that may be incurred by the Sellers and/ or Captain's Cove in enforcing the covenants and agreements of the Buyer under this Agreement.

5.4 Assignment. To secure the Buyer's full and faithful performance of the obligations under this Agreement, including the payment of the Account Payable, the Buyer shall execute an assignment to Seller and Captain's Cove Group of the Buyer's rights to collect the Buyer's dues and assessments levied by the Buyer on its members or their property (collectively, the "**Assessments**"). Seller and Captain's Cove may record such documents as may be deemed necessary by Seller and Captain's Cove in their sole discretion to perfect the security interest in the Assessments pursuant to the Uniform Commercial Code and Buyer agrees to execute such documents as may be necessary to perfect Seller's and Captain's Cove's security interest.

5.5 Pledge. To further secure the Buyer's full and faithful performance of the obligations under this Agreement and its obligations under the Agreement of Sale between Buyer and Captain's Cove Group, LLC dated May 7, 2009, (the "Sales Agreement") the Buyer will pledge its shares in the Company to Captain's Cove Group, LLC, or assigns.

ARTICLE 6 CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions on or before the Closing Date, unless expressly waived in writing by Buyer prior to the Closing Date:

6.1 Compliance with Covenants. Sellers and the Company shall have duly performed and complied with all covenants, agreements and obligations required by this Agreement to be performed or complied with by each on or prior to the Closing.

6.2 Consents and Approvals. All (a) Required Consent; (b) licenses; (c) other orders or notifications of, or registrations, declarations or filings with, or expiration of waiting periods imposed by, any applicable governmental or judicial authority; and (d) consents, approvals,

authorizations or notifications of any other third parties, all as required in connection with consummation of the transactions contemplated by this Agreement, including the ownership and operation of the Company by Buyer, shall have been made or obtained or shall have occurred.

6.3 Simultaneous Settlement. Simultaneous settlement of that certain Sale Agreement between Buyer and Captain's Cove Group.

ARTICLE 7 CONDITIONS PRECEDENT TO SELLERS'S OBLIGATIONS

The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction of, and expressly contingent upon, each of the following conditions on or before the Closing Date, unless expressly waived in writing by Sellers prior to the Closing:

7.1 Court Approval. Approval of this Agreement by the United States Bankruptcy Court for the District of Maryland (the "Bankruptcy Court") in the chapter 11 proceedings of Robert E. Warfield, Sr. and Margaret Warfield, and Harold P. Glick.

7.2 Confirmation of the Plan. Entry of an order by the Bankruptcy Court confirming the Seller's plan of reorganization in the chapter 11 proceedings of Captain's Cove Group, LLC.

7.3 Purchase of Property. The simultaneous closing on the purchase by Buyer of certain improved real property of Captain's Cove Group and other assets, in accordance with the terms and conditions set forth in that certain Sale Agreement dated May 7, 2009 (the "**Sale Agreement**").

7.4 Compliance with Covenants. Buyer shall have duly performed and complied with all covenants, agreements and obligations required by this Agreement to be performed or complied with by it on or before the Closing Date.

ARTICLE 8 CLOSING

8.1 Closing. The closing of the sale of the Shares (the "Closing") shall take place at the offices of Seller's counsel at 10:00 a.m., local time, simultaneously with the closing on the purchase by Buyer of certain assets of Captain's Cove Group or such other date as may be mutually agreed upon by the parties to this Agreement (the "Closing Date").

8.2 Deliveries by Sellers. At the Closing, Sellers shall deliver or cause to be delivered to Buyer the following:

(a) stock powers duly executed in blank sufficient to transfer the Shares on the books of the Company; and

(b) all bank books, financial and bank records, bookkeeping and accounting records, copies of all tax returns and amendments to all of the foregoing, corporate minute books, stock ledgers and all other books and records of or relating to the Company, provided, however, that Sellers may retain copies of the foregoing for Sellers' records; and

(c) the Company's good standing certificates from the Virginia Secretary of State, and a certificate from the Virginia Department of Revenue stating that all required taxes have been paid by the Company in full; and

(d) the Required Consent.

8.3 Deliveries by Buyer. At the Closing, Buyer shall deliver or cause to be delivered to Sellers (or to the Escrow Agent, as applicable) the following:

(a) a certificate of the of the Buyer confirming the satisfaction of the conditions set forth in Section 7.1 as to covenants;

(b) the Purchase Price, set forth in paragraph 1.2, payable to Sellers at Closing; and

(c) a copy of all corporate resolutions of Buyer authorizing the execution, delivery and performance of this Agreement by Buyer, accompanied by the certification of the Buyer to the effect that such resolutions are in full force and effect and have not been amended, modified or rescinded; and,

(d) a fully executed Assignment to Seller and Captain's Cove Group of the Buyer's rights to collect the Buyer's dues and assessments levied by the Buyer on its members or their property as provided in paragraph 5.4; and,

(e) a fully executed Pledge Agreement and Stock Transfer Power as provided in paragraph 5.5.

8.4 Further Assurances. Sellers shall, at any time on or after the Closing Date, take any and all steps requested by Buyer to transfer to Buyer ownership of the Shares, and will do, execute, acknowledge and deliver all such further acts, deeds, assignments, transfers, conveyances, powers of attorney, certificates and assurances as may be required for the more effective transfer to Buyer, or its successors or assigns, operating control of the Company.

ARTICLE 9 TERMINATION

9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) By the mutual written consent of Sellers and Buyer;

(b) By Sellers and the Company or by Buyer, if there shall be any order, writ, injunction or decree of any court or governmental or regulatory agency binding on Sellers

or the Company, or on Buyer, which prohibits, prevents, or restrains any party from consummating the transactions contemplated by this Agreement; or

(c) Buyer is unable to obtain approval of a requisite governmental authority regarding this transaction.

9.2 Effect on Obligations. Termination of this Agreement pursuant to this Article shall terminate all obligation of the parties hereunder.

ARTICLE 10 MISCELLANEOUS

10.1 Survival of Representations. All representations and warranties of the parties contained in this Agreement or otherwise made in writing in connection with the transactions contemplated by this Agreement shall survive the execution and delivery of this Agreement without limitation.

10.2 Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such expense, whether or not the sale of the Shares is consummated.

10.3 Best Efforts. Each party to this Agreement agrees to use its best efforts to satisfy the conditions to the Closing set forth in this Agreement and otherwise to consummate the transactions contemplated by this Agreement.

10.4 Notices. All notices, demands and other communications made hereunder shall be in writing and shall be given either by personal delivery, by nationally recognized overnight courier (with charges prepaid) or by telecopy (with telephone confirmation), and shall be deemed to have been given or made when personally delivered, the day following the date deposited with such overnight courier service or when transmitted to telecopy machine and confirmed by telephone, addressed to the respective parties at the addresses set out below (or such other address for a party as shall be specified by like notice).

10.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.6 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interest or obligations hereunder shall be assigned by any of the parties to this Agreement without the prior written consent of all other parties to this Agreement, and any purported assignment without such consent shall be void; provided, however, that Buyer may assign its rights, interest and obligations under this Agreement to any subsidiary that is wholly owned by Buyer.

10.7 Third Party Beneficiaries. None of the provisions of this Agreement or any document contemplated by this Agreement is intended to grant any right or benefit to any person or entity which is not a party to this Agreement.

10.8 Headings. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of this Agreement and shall not in any way affect the meaning or interpretation of this Agreement.

10.9 Recitals. The recitals set forth at the beginning of this Agreement are incorporated by reference in, and made a part of, this Agreement.

10.10 Amendments. Any waiver, amendment, modification or supplement of or to any term or condition of this Agreement shall be effective only if in writing and signed by all parties hereto, and the parties to this Agreement waive the right to amend the provisions of this Section orally.

10.11 Jurisdiction. By this Agreement, each of the parties hereto submits to the jurisdiction of the Bankruptcy Court for any action to enforce or interpret this Agreement, so long as the chapter 11 bankruptcy case of any of Robert E. Warfield, Sr. and Margaret Warfield, Harold P. Glick or Captain's Cove remains open. Thereafter, jurisdiction shall be in the County of Accomack, Virginia.

10.12 Governing Law. This Agreement shall be governed by the laws of the State of Virginia, without regard to conflicts of laws principles.

10.13 Remedies. In the event litigation shall be necessary to enforce, interpret or rescind the provisions of this Agreement or any related matter, the prevailing party shall be entitled to recover from the adverse party, in addition to any other relief, the prevailing party's reasonable attorneys' fees for services before trial, at trial, and on any subsequent appeal by the adverse party.

10.14 Severability. In the event that any provision in this Agreement shall be determined to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Agreement shall not be in any way impaired, and the illegal, invalid or unenforceable provision shall be fully severed from this Agreement and there shall be automatically added a replacement provision as similar in terms and intent to such severed provision as may be legal, valid and enforceable.

10.15 Entire Agreement. This Agreement and the Schedules and Exhibits to this Agreement, together with the documents and instruments delivered pursuant to this Agreement, constitute the entire contract between the parties to this Agreement pertaining to the subject matter of this Agreement, and supersede all prior and contemporaneous agreements and understandings between the parties with respect to such subject matter.

10.16 Construction. Each party to this Agreement has reviewed and revised this Agreement. The normal rule of construction to the effect that any ambiguities are to be resolved

against the drafting party shall not be employed in the interpretation of this Agreement or of any amendments, schedules or exhibits to this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated under such statute or rule, unless the context requires otherwise. The word “including” shall mean including without limitation. The parties to this Agreement intend that each representation, warranty and covenant in this Agreement shall have independent significance. If any party has breached any representation, warranty or covenant in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

[END OF TEXT; SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be signed by its duly authorized officer, as of the date first above written.

SELLERS:

ROBERT E. WARFIELD, SR.

HAROLD P. GLICK

ROGER A. YOUNG

CAPTAIN'S COVE UTILITY COMPANY, INC.

By:
Name:
Its:

BUYER:

CAPTAIN'S COVE GOLF AND YACHT CLUB, INC.

By:
Its:

Schedule 5.2

THIS SCHEDULE IS A DRAFT AND SUBJECT TO CHANGE – IT IS USED FOR ILLUSTRATIVE PURPOSES

**CAPTAIN'S COVE GROUP, LLC
CCG&YC, INC. ASSUMPTION OF CCUC DEBT**

Amount	\$ <u>3,757,000</u>	Monthly payments	
3.25% int., prime floating		30	days per mo
15 year amortization		360	days per yr
5 year balloon			

Payment Number	Date	Total	Principal	3.25% Interest	Balance
-	8/1/09	-	-	-	3,757,000
1	9/1/09	26,400	16,200	10,200	3,740,800
2	10/1/09	26,400	16,300	10,100	3,724,500
3	11/1/09	26,400	16,300	10,100	3,708,200
4	12/1/09	26,400	16,400	10,000	3,691,800
5	1/1/10	26,400	16,400	10,000	3,675,400
6	2/1/10	26,400	16,400	10,000	3,659,000
7	3/1/10	26,400	16,500	9,900	3,642,500
8	4/1/10	26,400	16,500	9,900	3,626,000
9	5/1/10	26,400	16,600	9,800	3,609,400
10	6/1/10	26,400	16,600	9,800	3,592,800
11	7/1/10	26,400	16,700	9,700	3,576,100
12	8/1/10	26,400	16,700	9,700	3,559,400
13	9/1/10	26,400	16,800	9,600	3,542,600
14	10/1/10	26,400	16,800	9,600	3,525,800
15	11/1/10	26,400	16,900	9,500	3,508,900

16	12/1/10	26,400	16,900	9,500	3,492,000
17	1/1/11	26,400	16,900	9,500	3,475,100
18	2/1/11	26,400	17,000	9,400	3,458,100
19	3/1/11	26,400	17,000	9,400	3,441,100
20	4/1/11	26,400	17,100	9,300	3,424,000
21	5/1/11	26,400	17,100	9,300	3,406,900
22	6/1/11	26,400	17,200	9,200	3,389,700
23	7/1/11	26,400	17,200	9,200	3,372,500
24	8/1/11	26,400	17,300	9,100	3,355,200
25	9/1/11	26,400	17,300	9,100	3,337,900
26	10/1/11	26,400	17,400	9,000	3,320,500
27	11/1/11	26,400	17,400	9,000	3,303,100
28	12/1/11	26,400	17,500	8,900	3,285,600
29	1/1/12	26,400	17,500	8,900	3,268,100
30	2/1/12	26,400	17,500	8,900	3,250,600
31	3/1/12	26,400	17,600	8,800	3,233,000
32	4/1/12	26,400	17,600	8,800	3,215,400
33	5/1/12	26,400	17,700	8,700	3,197,700
34	6/1/12	26,400	17,700	8,700	3,180,000
35	7/1/12	26,400	17,800	8,600	3,162,200
36	8/1/12	26,400	17,800	8,600	3,144,400
37	9/1/12	26,400	17,900	8,500	3,126,500
38	10/1/12	26,400	17,900	8,500	3,108,600
39	11/1/12		18,000		

		26,400		8,400	3,090,600
40	12/1/12	26,400	18,000	8,400	3,072,600
41	1/1/13	26,400	18,100	8,300	3,054,500
42	2/1/13	26,400	18,100	8,300	3,036,400
43	3/1/13	26,400	18,200	8,200	3,018,200
44	4/1/13	26,400	18,200	8,200	3,000,000
45	5/1/13	26,400	18,300	8,100	2,981,700
46	6/1/13	26,400	18,300	8,100	2,963,400
47	7/1/13	26,400	18,400	8,000	2,945,000
48	8/1/13	26,400	18,400	8,000	2,926,600
49	9/1/13	26,400	18,500	7,900	2,908,100
50	10/1/13	26,400	18,500	7,900	2,889,600
51	11/1/13	26,400	18,600	7,800	2,871,000
52	12/1/13	26,400	18,600	7,800	2,852,400
53	1/1/14	26,400	18,700	7,700	2,833,700
54	2/1/14	26,400	18,700	7,700	2,815,000
55	3/1/14	26,400	18,800	7,600	2,796,200
56	4/1/14	26,400	18,800	7,600	2,777,400
57	5/1/14	26,400	18,900	7,500	2,758,500
58	6/1/14	26,400	18,900	7,500	2,739,600
59	7/1/14	26,400	19,000	7,400	<u>2,720,600</u>
60	8/1/14	<u>2,728,000</u>	<u>2,720,600</u>	<u>7,400</u>	<u>-</u>
		<u>4,285,600</u>	<u>3,757,000</u>	<u>528,600</u>	